



Committee On Finance

Max Baucus, Ranking Member

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Statement of U.S. Senator Max Baucus Oversight Hearing on the Treasury Department and Terrorism Financing

"I want to welcome our panel today on the subject of terrorism financing. As you know, on March 8 the administration announced the creation of the Office of Terrorism and Financial Intelligence (TFI) within the Treasury Department. We will hear from the nominees to the top jobs in this new office following this panel.

To set the scene for our questioning of the nominees, Chairman Grassley and I thought it would be useful to hear from some experts on terrorism financing. Our hope is that you can help us answer some basic questions about what sort of job the Federal government is doing on terrorism funding, and how this new office at the Treasury will fit into our overall effort.

I have some real concerns about how this critical element of the war on terrorism is being organized and conducted by this administration. Let me summarize some of the questions and concerns that I have:

- Is the administration effectively coordinating the 19 Federal offices that work on terrorism financing?
- Should we be concerned that the Department with the greatest expertise, the Treasury Department, is no longer coordinating the interagency effort on terrorism financing, as it did some months ago?
- Does the Treasury Department have the resources it needs? We recently read a report that the Administration turned down a request for 80 IRS agents to be used exclusively for investigating terrorism financing.
- The General Accounting Office recently reported that Saddam Hussein's regime received illegal revenues of \$10.1 billion from the United Nation's oil for food program. Yet we can only account for \$6 to \$7 billion of Hussein's funds. Having upwards of \$4 billion out there – somewhere - available to support terrorists is very disturbing to me, and to all Americans. We need to know what the TFI is doing to track down these funds.
- Are the resources dedicated to track down terrorist funds being used wisely?

The Treasury Department told us in November that two employees were assigned to go after Saddam's missing funds, and two employees were assigned to go after Osama Bin Ladin's money, but that 21 employees were assigned to go after those who violate our Cuba sanctions. In a response to a recent letter Chairman Grassley and I sent to Treasury Secretary John Snow, we now learn that the TFI has increased the number of employees assigned to Al-Qaeda and Iraq. I'm pleased that the TFI has listened to my criticism on this issue and increased the number of people focused on the terrorists, yet in my opinion we still have a misallocation of resources.

Let me stop and spell out for you how misguided I believe the administration is on Cuba. In the room today we have 7 victims of this senseless enforcement policy over at the TFI. You tell me if these people sound like terrorists:

- Josh Sharpe, a Floridian paraplegic who was denied permission to go to Cuba with World Team sports to help establish a disabled sports program in Cuba;
- Andrea and Mike McCarthy, a Port Huron, Michigan couple fined for their trip to Cuba to deliver medical supplies to a Roman Catholic nunnery;
- Dr. Stuart Younger who was denied a license to participate in an international professional conference on Death and Coma held in Havana this spring;
- Jerry Guidera, director of the Center for Cross-Cultural Study, an academic institution that has for 35 years designed language and cultural exchange study programs abroad for thousands of students from U.S. universities, including a study abroad program in Cuba since 1996 when licensed travel was established;
- Bob Guild, program director at Marazul Charters, the largest and oldest US government-recognized US-Cuba travel service provider; and
- Silvia Wilhelm, director of Puentes Cubanos, a Cuban-American non-profit organization dedicated to reconciliation with Cuba, which lost its travel license when the Administration eliminated the people-to-people education category.

Why do we have more folks over at the TFI tracking down these people than we do looking for Bin Ladin's money? That makes no sense to me. When it comes to the new Office of Terrorism and Financial Intelligence, and the efforts it oversees, I want more time and effort spent on Saddam's missing billions and Osama's missing millions, and less time spent on Cuban cigars.

Finance Committee Inquiries on Terrorism Financing Effort

Chairman Grassley and I wrote the President on March 29 to express our concerns about the terrorism financing effort being heavy on generals but light on soldiers. We asked whether

there was a lack of direct authority and resources to ensure that policy initiatives for which Treasury is held accountable are put into practice.

We referred to former General Counsel David Aufhauser's statement that, "Treasury no longer has a police force to investigate counterfeiting. It does not have auditors to ensure compliance with the Patriot Act. It does not have investigators to pursue the priorities of the National Money Laundering Strategy. And Treasury does not have an intelligence office that is fully integrated into the national intelligence community."

As I said, we also wrote to Secretary Snow asking a number of questions about the TFI. We just received his response yesterday morning and we are looking at the new information very carefully. I would like to make both of these letters part of today's record.

Let me also say for the record that the Chairman and I are very interested in getting an answer from the White House on our letter to the President. I look forward to hearing from our panel on your ideas on how to improve our counter- terrorism financing effort. We appreciate you being here today."

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